



United States Department of the Interior

NATIONAL PARK SERVICE

1849 C Street, N.W.

Washington, D.C. 20240

JAN 07 2015

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TECHNICAL BULLETIN

To: Regional Concession Chiefs

From: Chief, Commercial Services Program *Brian G. Bush*

Subject: Technical Bulletin: 2015 Convenience Store Markup Percentages

This memorandum provides updated industry statistics for use when applying the markup rate method for concessioner convenience items that do not have a Manufacturer's Suggested Retail Price (MSRP). These percentages supersede previous years' markup percentages.

Convenience Items

In accordance with the 2010 Concession Management Rate Administration Guide, markup is the preferred rate method for *convenience items* that do not have a MSRP. This rate approval method uses industry gross margins by product category obtained through a nationally recognized source, the National Association of Convenience Stores (NACS). Each year, the NACS publishes a State of the Industry (SOI) Annual Report that includes gross margin percentages by product category that is then used to determine the mark-up percentages for 2015. The use of this source ensures comparability with the private sector.

The NACS convenience item mark-up percentages are provided in Attachment 1 along with a description of how to apply these percentages and an example. Concessioners and NPS staff should agree on a reasonable implementation period to establish updated rates based on this data. The agreement should be documented in the park's concession files with a copy provided to the concessioner.

Attachment 2 to this memorandum provides the NACS Category Definitions for merchandise and foodservice. This detail is provided to assist parks in identifying the appropriate product categories for the convenience items being sold. The concessioner and park should consistently apply and document the categories used to ensure a consistent, accurate and efficient rate request and approval process. If concessioners are selling convenience items that do not logically fit into the identified categories/subcategories, concession specialists should contact their regional office for guidance.

Merchandise Items

The Competitive Market Declaration (CMD) rate method is the preferred method for pricing all *merchandise items* that do not have a MSRP. Mark-up should not be used for these products unless they do not meet the criteria to use CMD. Application of this rate method should be in accordance with the 2010 Concession Management Rate Administration Guide.

Distribution and Questions

Please distribute this memo to concession specialists and other appropriate personnel within your region.

If you have any questions regarding these convenience item and merchandise rate methods, you may contact Lora Uhlman, Concession Management Specialist, at 303/987-6903 or Lora_Uhlman@nps.gov.

Attachment 1 - Markup Method (For Convenience Items)

Attachment 2 - NACS Category Definitions and Numbering Guide – Version 7.1

Attachment 1

Markup Method for Convenience Items

The preferred method of pricing convenience items is to apply a markup to product costs. This method of rate approval should only be used for *convenience items* and not for service-related items for which quality or amenities are factored into rates.

This rate approval method uses industry gross margins by product category obtained through a nationally recognized source, the State of the Industry (SOI) Annual Report published by the National Association of Convenience Stores (NACS). The use of this source ensures comparability with the private sector. Minor variances from the published report may be allowed under certain circumstances, which require approval on a case-by-case basis by the park superintendent.

Exhibit 1 depicts markup percentages by product category calculated from the NACS State of the Industry 2013 Annual Report. Only these markup percentages should be used by the concessioner when setting rates for 2015. Concessioners should be given copies of the updated markup percentages quickly so they can use them to prepare their 2015 rates.

When using the Markup method to determine the maximum selling price, the following formula should be used:

$$\text{Total Cost} \times (1 + \text{markup percentage}) = \text{selling price}$$

For example, if the concessioner's cost for cough medicine is \$4.50, you would refer to the attached Markup table, identify that the markup percentage for health and beauty care is 104%, and use these numbers to identify the selling price:

$$\$4.50 \times (1 + 1.04) = \$9.18$$

Rounding is acceptable and common. The concessioner may propose to sell the cough medicine for \$9.25.

Retail Price	Round to Nearest
Below \$9.99	\$0.25
\$10 to \$49.99	\$0.50
\$50 and Over	\$1.00

Also permitted will be traditional consumer retail pricing techniques which creates prices ending in forty nine cent (\$0.49) and ninety-nine cents (\$0.99), whichever is closest and most appropriate using the above standards.

Exhibit 1 - Markup percentages to be used for 2015

Category⁽¹⁾	Markup Percentage⁽²⁾
Cigarettes	17%
Other Tobacco	46%
Packaged Beverages(non alcoholic)	71%
Beer	27%
Wine	42%
Liquor	39%
Edible Grocery	73%
Non-edible Grocery	71%
Perishable Grocery	75%
Frozen Foods	59%
Packaged Ice Cream/ Novelties	83%
Candy	95%
Salty Snacks	62%
Packaged Sweet Snacks	54%
Alternative Snacks	72%
Fluid Milk Product	39%
Other Dairy and Deli	63%
Packaged Bread	41%
Health & Beauty Care	104%
General Merchandise	65%
Automotive Products	84%
Publications	18%
Ice	301%
Food Service	
Food Prepared On-Site	142%
Commissary/ Packaged Sandwiches	58%
Hot Dispensed Beverages	148%
Cold Dispensed Beverages	119%
Frozen Dispensed Beverages	202%

Source: NACS State of the Industry Annual Report 2013 Data

⁽¹⁾ A list of items under each category is provided in Attachment 2

⁽²⁾ Markup Percentage is the percentage of total cost that is profit

Attachment 2

NACS Category Definitions and Numbering Guide,

Listed below are the mainline categories and sub-category descriptions. These categories should be used to pinpoint the appropriate category to be used by the concessioner when preparing rate requests for convenience items.

The National Association of Convenience Stores (NACS) Standard Category Numbering identified below utilizes a six position numeric field organized into three groups of two digits. The first two digits represent the major category identifier; the second two digits represent the sub-category identifier, and the last two digits do not figure into the NPS categories.

Parks and concessioners are not required to use the numbering system, but should document the specific category/sub-category used when selecting the markup percent as part of the concessioner's rate request and as part of the NPS approval for future reference and consistency

Number Category Sub-category Descriptors

02-00-00 Cigarettes

- 02-01-00 Premium
- 02-02-00 Branded Discount
- 02-03-00 Sub-generic/Private Label
- 02-04-00 Imports
- 02-05-00 Fourth Tier

03-00-00 Other Tobacco

- 03-01-00 Smokeless (Includes: chew, dip, snuff, moist)
- 03-02-00 Cigars
- 03-03-00 Papers
- 03-04-00 Pipes
- 03-05-00 Pipe/Cigarette Tobacco
- 03-06-00 Other Tobacco Products (Includes: scrap)

04-00-00 Beer

- 04-01-00 Super Premium (Includes: specialty beers)
- 04-02-00 Premium
- 04-03-00 Popular
- 04-04-00 Budget
- 04-05-00 Imports
- 04-06-00 Microbrews/Craft (Includes: regional breweries)
- 04-07-00 Malt Liquor
- 04-08-00 Non-alcoholic
- 04-09-00 Flavored Malt (Includes: hard cider, hard lemonade, malt-based coolers)

05-00-00 Wine

- 05-01-00 Table/Varietal Wine
- 05-02-00 Champagne/Sparkling Wine
- 05-03-00 Coolers/Wine Cocktails

05-04-00 Fortified Wine (Includes: high alcohol content wine)

06-00-00 Liquor

06-01-00 Distilled Spirits

06-02-00 Prepared Cocktails

06-03-00 Cordials/Brandy/Cognac

07-00-00 Packaged Beverages (Non-alcoholic-Bottle deposits should be attributed to the category)

07-01-00 Carbonated Soft Drinks (Includes: Club soda, tonic water, mixes)

07-02-00 Iced Tea (Ready-to-drink)

07-03-00 Sports Drinks

07-04-00 Juice/Juice Drinks (Includes: 100% juice, 100% fruit juice drinks, vegetable drinks, canned/juice box beverages)

07-05-00 Bottled Water (Includes: flavored, carbonated, still, fortified waters, aquaceutical)

07-06-00 Other Packaged Beverages (Non-alcoholic) (Includes: chocolate drinks, coffee drinks, diet supplements)

07-07-00 Alternative (Includes: energy, nutraceuticals)

08-00-00 Candy

08-01-00 Gum

08-02-00 Candy Rolls, Mints, Drops

08-03-00 Chocolate Bars/Packs

08-04-00 Non-chocolate Bars/Packs

08-05-00 Bagged or Repacked Peg Candy

08-06-00 Novelties/Seasonal (Includes: Valentine's Day, Halloween candy, packaged candy w/toy)

08-07-00 Change Makers/Penny Counter Goods

08-08-00 Bulk Candy

09-00-00 Fluid Milk Products Each sub-category contains single-serve and take-home SKUs

09-01-00 Whole Milk

09-02-00 2% Milk

09-03-00 1% Milk

09-04-00 Skim/Non Fat Milk (Includes: 1/2% milk)

09-05-00 Flavored Milk

09-06-00 Cream/Creamer Products

09-07-00 Other Ready-to-drink Fluid Milk Products (Includes: aseptic milk, lactose-free milk, soy-based products)

10-00-00 Other Dairy & Deli Products

10-01-00 Packaged Cheese

10-02-00 Eggs

10-03-00 Butter/Margarine

10-04-00 Cottage/Cream Cheese/Sour Cream

10-05-00 Yogurt

10-06-00 Other Dairy (Includes: refrigerated dips, pudding, gelatin, cheese spreads)

10-07-00 Packaged Luncheon Meat (Includes: sandwich meats, e.g., bologna, ham, turkey)

10-08-00 Other Packaged Meats (Includes: hot dogs, bacon, and sausage)

10-09-00 Lunch Packs are boxed lunches containing single servings of luncheon meat, cheese, bread/crackers, etc.

11-00-00 Commissary & Other Packaged Products

11-01-00 Sandwiches (Includes: Pre-packaged sandwiches/wraps)
11-05-00 Salads & Sides (Includes: packaged salads, pickles)
11-06-00 Thaw, Heat & Eat (Includes: burritos, pizza)
11-07-00 Meals Ready-to-Eat (Includes: soups, home meal replacement)

12-00-00 Packaged Ice Cream/Novelties

12-01-00 Premium Ice Cream
12-02-00 Ice Cream
12-03-00 Frozen Yogurt/Sherbet/Sorbet
12-04-00 Frozen Novelties

13-00-00 Frozen Foods

13-01-00 Frozen Dinners/Entrees/Meals
13-02-00 Frozen Pizza
13-03-00 Other Frozen Foods

14-00-00 Packaged Bread Packaged Bread (Includes: bread, buns, rolls, English muffins, bagels)

15-00-00 Salty Snacks

15-01-00 Potato Chips (Includes: DSD and warehouse potato chips/potato crisp products packaged in bags, boxes or canisters)
15-02-00 Tortilla/Corn Chips
15-03-00 Pretzels
15-04-00 Nuts/Seeds
15-05-00 Packaged Ready-to-eat Popcorn (Includes: flavored popcorn, caramel corn)
15-06-00 Crackers
15-07-00 Other Salty Snacks (Includes: pork rinds)

16-00-00 Packaged Sweet Snacks Packaged Sweet Snacks (Includes: DSD baked items)

16-01-00 Snack Cakes/Pastries/Desserts (Includes: candied apples)
16-02-00 Muffins/Donuts
16-03-00 Cookies

17-00-00 Alternative Snacks

17-01-00 Meat Snacks
17-02-00 Granola/Fruit Snacks
17-03-00 Health/Energy Bars (Include: meal replacement, health, diet, energy, cereal, nutritional bars)
17-04-00 Other Alternative Snacks (Includes: rice cakes, trail mix, yogurt raisins, and chocolate/yogurt pretzels)

18-00-00 Perishable Grocery Perishable Groceries are bulk or random weight

18-01-00 Fruits
18-02-00 Vegetables
18-03-00 Service Deli Meats
18-04-00 Service Deli Cheese
18-05-00 Service Deli Salads
18-06-00 Other Service Deli

19-00-00 Edible Grocery

19-01-00 Packaged Coffee/Tea (Includes: coffee whitener)
19-02-00 Breakfast Cereal (Includes: single-serve items)

19-03-00 Condiments

19-04-00 Other Edible Grocery (Includes: canned/dry soup, canned fruit/vegetables, pasta, other boxed food items, non-refrigerated dips, DOES NOT INCLUDE CANNED/ASEPTIC JUICE)

20-00-00 Non-edible Grocery

20-01-00 Laundry Care (Includes: laundry detergent, fabric softener, dryer sheets)

20-02-00 Dish Care (Includes: dish soap, automatic dishwashing detergent, dishwasher additives)

20-03-00 Household Care (Includes: cleaners, freshener, insecticides)

20-04-00 Paper/Plastic/Foil Products (Includes: paper towels, napkins, facial tissue, paper plates/cups, plastic cutlery, plastic bags/wraps)

20-05-00 Pet Care (Includes: pet food, pet accessories)

20-06-00 Other Non-edible Grocery

21-00-00 Health & Beauty Care

21-01-00 Analgesics

21-02-00 Cough & Cold Remedies (Includes: cough drops)

21-03-00 Stomach Remedies (Includes: antacids)

21-04-00 Vitamins/Supplements (Includes: herbal remedies)

21-05-00 Other Internal OTC Medications (Includes: sleeping aids, stimulants)

21-06-00 Grooming Aids (Includes: shampoo/hair care, oral care, deodorants, personal soap, shaving needs)

21-07-00 Feminine Hygiene (Includes: tampons, pads)

21-08-00 Family Planning (Includes: contraceptives, pregnancy kits)

21-09-00 Baby Care (Includes: baby food/formula, diapers, wipes, ointments, etc.)

21-10-00 Skin Care/Lotions/External Care (Includes: eye care, lip care, first aid, skin care)

21-11-00 Cosmetics

21-12-00 Other HBC

22-00-00 General Merchandise

22-02-00 Batteries

22-03-00 Film/Photo

22-04-00 School/Office Supplies

22-05-00 Greeting/Gift/Novelties/Toys/ Recreational Equipment (Includes: Frisbees, tennis balls, fishing tackle)

22-06-00 Trading Cards

22-07-00 Wearables/Apparel (Includes: hosiery, gloves, caps, sunglasses)

22-08-00 Smoking Accessories (Includes: pipe cleaners, lighters, lighter fluid, flints)

22-09-00 Video/Audio Tapes

22-10-00 Hardware/Tools/Housewares

22-11-00 Floral

22-12-00 Seasonal (Includes: softener salt, charcoal/logs, lawn & garden, ice chest)

22-13-00 Other GM

22-14-00 Telecommunications Hardware (Includes: cell phones, beepers, accessories)

22-15-00 Propane Exchanges

23-00-00 Publications

23-01-00 Newspapers

23-02-00 Magazines/Tabloids

23-03-00 Adult Magazines

23-04-00 Paperbacks/Books

23-05-00 Comics

23-06-00 Traders
23-07-00 Maps
23-08-00 Other Publications (Includes: crossword puzzle publications, horoscope products, calorie counters, etc.)

24-00-00 Automotive Products

24-01-00 Motor Oil
24-02-00 Anti-freeze/Coolants/Window Solvents
24-03-00 Transmission/Brake Fluids
24-04-00 Car Care (Includes: wax, cleaners, air fresheners, ice scrapers)
24-05-00 Other Additives (Includes: engine treatments, gas treatments)

28-00-00 Ice

29-00-00 Foodservice Prepared On-site

29-01-00 Chicken 29-01-01, 29-01-02, 29-01-03
29-02-00 Mexican 29-02-01, 29-02-02, 29-02-03
29-03-00 Pizza 29-03-01, 29-03-02, 29-03-03
29-04-00 Seafood 29-04-01, 29-04-02, 29-04-03
29-05-00 Hot Dogs/Roller Grill Products 29-05-01, 29-05-02, 29-05-03
29-06-00 Hamburgers 29-06-01, 29-06-02, 29-06-03
29-07-00 Sandwiches/Wraps 29-07-01, 29-07-02, 29-07-03
29-08-00 Frozen Treats 29-08-01, 29-08-02, 29-08-03
29-09-00 Bakery 29-09-01, 29-09-02, 29-09-03
29-10-00 Soup and Salad 29-10-01, 29-10-02, 29-10-03
29-11-00 Other Cuisine 29-11-01, 29-11-02, 29-11-03

30-00-00 Hot Dispensed Beverages

30-01-00 Coffee
30-02-00 Hot Tea
30-03-00 Hot Chocolate
30-04-00 Cappuccino/Specialty Coffee Drinks (Includes: Latte, DOES NOT INCLUDE ICED COFFEE)
30-05-00 Refills
30-06-00 Coffee Club Mugs (Includes: reusable hot beverage mugs/containers sold with hot beverage)
30-07-00 Other Hot Dispensed Beverages (Includes: hot cider, etc.)

31-00-00 Cold Dispensed Beverages

31-01-00 Fountain–Carbonated
31-02-00 Fountain–Non-carbonated (Includes: tea, lemonade, cold cider)
31-03-00 Fountain–Sports Drinks
31-04-00 Refills
31-05-00 Fountain Club Mugs (Includes: reusable value-added cups sold with cold beverage)
31-06-00 Other Cold Dispensed Beverages (Includes: iced coffee/iced cappuccino/iced latte)

32-00-00 Frozen Dispensed Beverages

32-01-00 Frozen Carbonated Beverages
32-02-00 Frozen Non-Carbonated (Includes: slush, frozen cappuccino)